

TOWNSHIP OF HELENA
ANTRIM COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Helena Township	County Antrim
Audit Date 6/30/04	Opinion Date 9/10/04	Date Accountant Report Submitted to State: 11/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Keskine, Cook, Miller & Alexander LLP			
Street Address 100 West First Street	City Gaylord	State MI	ZIP 49735
Accountant Signature			

TOWNSHIP OFFICIALS

SUPERVISOR

JOHN FERGUSON

CLERK

FEROL FRANK

TREASURER

CATHERINE RICE

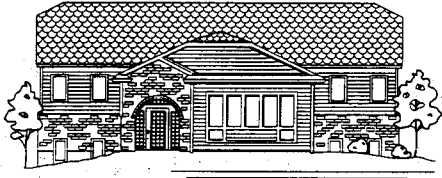
TRUSTEES

JAMES GURR

GERALD HEIN

**HELENA TOWNSHIP
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Keskin, Cook, Miller, Smith & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

September 10, 2004

To the Township Board
Helena Township
Antrim County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund activities, and the aggregate remaining fund information of the Township of Helena, as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the major fund activities and the aggregate remaining fund information of the Township of Helena as of June 30, 2004, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis on pages 3-5 and budgetary comparison information on pages 25 – 31 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

K. K. Cook Miller Smith, Alex. & P.

KESKINE, COOK, MILLER, SMITH & ALEXANDER, LLP

**Helena Township
Management's Discussion and Analysis
Year Ended June 30, 2004**

As the Township Board of the Helena Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Helena Township for the fiscal year ended June 30, 2004.

FINANCIAL HIGHLIGHTS

The assets of Helena Township totaled approximately \$1,700,000 at June 30, 2004, of which approximately \$1,100,000 represents capital assets.

As of the close of the current fiscal year, Helena Township's governmental funds reported combined ending fund balances of \$560,000, and the net assets of the Township as a whole was \$1,600,000.

Revenues, as reported in the Statement of Activities approximated \$620,000 (\$55,000 represents program revenues, mostly consisting of grants and contributions, and \$565,000 represents general revenues, consisting mainly of property taxes).

Township expenses totaled approximately \$520,000, with the majority being spent on Township administration, fire protection services, and Township library functions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to Helena Township's basic financial statements. The township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the township's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the township's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the township's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Helena Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds:

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of current resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Helena Township maintains the following individual governmental funds: General Fund, Cemetery Fund, Roads Fund, Ambulance Fund, Library Fund, and Fire Fund. The Ambulance and Cemetery Funds are considered non-major funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Helena Township, net assets totaled \$1,600,000, an increase of \$97,000 from the prior year. Key elements of this increase are as follows:

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. One noteworthy exception, however, is: The expenditures of certain grant monies received from various sources, as indicated in the financial statements.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

As noted earlier, this Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

In each fund, the most significant source of revenues is derived from the Township's property tax base. Increases in the taxable values within the Township have caused the property tax revenues to increase this past year.

Expenditures have remained consistent with the prior years, as the services offered by the Township have not changed significantly.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

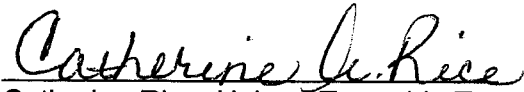
Capital assets. The Township's investment in capital assets for its governmental activities as of June 30, 2004 amounts to approximately \$1,100,000. This investment in capital assets includes: land, buildings, machinery, equipment, park facilities, etc.

Major capital asset events during the current fiscal year include an addition to the fire hall, fully completed by the end of the fiscal year.

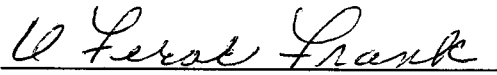
Long-term debt. The Township has no outstanding long-term debt.

CONTACTING TOWNSHIP MANAGEMENT

This financial report is designed to provide our taxpayers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have questions concerning this report, please call the Helena Township Hall, (231) 331-4643.



Catherine Rice, Helena Township Treasurer



Ferol Frank, Helena Township Clerk

**TOWNSHIP OF HELENA
STATEMENT OF NET ASSETS
JUNE 30, 2004**

ASSETS

Current Assets:	
Cash and Equivalents	\$ 590,415
Receivables:	
Due from State of Michigan	10,196
Due from Firefighters' Association	6,445
Total Current Assets	<u>607,056</u>
Non-Current Assets:	
Capital Assets	1,530,579
Accumulated Depreciation	(476,572)
Total Non-Current Assets	<u>1,054,007</u>
Total Assets	<u><u>1,661,063</u></u>

LIABILITIES

Current Liabilities:	
Accounts Payable	<u>43,212</u>

NET ASSETS

Invested in Capital Assets	1,054,007
Net Assets, Restricted for:	
Fire Protection	180,278
Roads	80,745
Library	75,859
Ambulance Services	20
Cemetery	26,302
Net Assets, Unrestricted	<u>200,640</u>
Total Net Assets	<u><u>\$ 1,617,851</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRI- BUTIONS	CAPITAL GRANTS & CONTRI- BUTIONS	NET REVENUE/ (EXPENSE) & CHANGES IN NET ASSETS TOTAL
GOVERNMENTAL ACTIVITIES					
Township Administration	\$ (126,386)	\$ 800	-	\$ 3,560	\$ (122,026)
Ambulance Services	(39,839)	-	-	-	(39,839)
Township Cemetery	(12,966)	-	-	-	(12,966)
Fire Protection	(77,209)	-	-	-	(77,209)
Township Buildings and Grounds	(69,249)	8,976	-	-	(60,273)
Interest on Long-Term Debt	-	-	-	-	-
Township Library	(84,330)	-	-	13,075	(71,255)
Parks	(42,048)	-	-	24,562	(17,486)
Planning and Zoning	(23,840)	2,105	-	-	(21,735)
Road Repair and Maintenance	(43,155)	-	-	-	(43,155)
Total Governmental Activities	(519,022)	11,881	-	41,197	(465,944)
GENERAL REVENUES					
Property Taxes, Levied for:					
General Operations					81,951
Township Community Center					59,781
Fire Protection					118,542
Roads					66,118
Library					76,905
Ambulance Services					39,851
Cemetery					11,255
State Shared Revenue (not restricted to specific purpose)					62,059
Property Tax Administration Fee					28,450
Interest Earnings					7,253
Other					10,574
Total General Revenues					562,739
Change in Net Assets					96,795
Net Assets - Beginning of Year					1,521,056
Net Assets - End of Year					\$ 1,617,851

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004**

	M A J O R F U N D S				NON- MAJOR FUNDS	TOTAL
	GENERAL	FIRE	ROAD	LIBRARY		
ASSETS						
Cash and Equivalents	\$ 190,444	\$ 217,045	\$ 80,745	\$ 75,859	\$ 26,322	\$ 590,415
Receivables:						
Due from State of Michigan	10,196	-	-	-	-	10,196
Due from Firefighters' Association	-	6,445	-	-	-	6,445
Total Assets	200,640	223,490	80,745	75,859	26,322	607,056
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	-	43,212	-	-	-	43,212
Fund Equity:						
Fund Balance, Designated	131,606	-	-	-	-	131,606
Fund Balance, Reserved for:						
Fire Protection	-	180,278	-	-	-	180,278
Roads	-	-	80,745	-	-	80,745
Library	-	-	-	75,859	-	75,859
Ambulance Services	-	-	-	-	20	20
Cemetery	-	-	-	-	26,302	26,302
Fund Balance, Undesignated, Unreserved	69,034	-	-	-	-	69,034
Total Fund Equity	200,640	180,278	80,745	75,859	26,322	563,844
Total Liabilities and Fund Equity	\$ 200,640	\$ 223,490	\$ 80,745	\$ 75,859	\$ 26,322	\$ 607,056

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004**

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET)	\$ 563,844
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Amounts reported for governmental activities in the Statement of Net
Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore not recorded in the funds	1,054,007
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS)	\$ 1,617,851
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See accompanying notes to financial statements.

TOWNSHIP OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004

	M A J O R F U N D S				NON-MAJOR FUNDS	TOTAL
	GENERAL	FIRE	ROAD	LIBRARY		
REVENUES						
State Sources:						
State Shared Revenue	\$ 62,059	\$ -	\$ -	\$ 1,626	\$ -	\$ 63,685
Grants	3,560	-	-	-	-	3,560
Local Sources:						
Taxes and Assessments	141,732	118,544	66,118	76,906	51,107	454,407
Donations	25,195	-	-	9,790	-	34,985
Charges for Services	30,555	-	-	-	-	30,555
Rental Income	19,836	-	-	-	-	19,836
Interest	3,454	2,893	-	598	308	7,253
Other	1,586	4,011	-	6,601	200	12,398
Total Revenues	287,977	125,448	66,118	95,521	51,615	626,679
EXPENDITURES						
General Government	205,465	-	-	-	-	205,465
Public Works:						
Cemetery	-	-	-	-	12,966	12,966
Road Construction & Repair	-	-	43,155	-	-	43,155
Public Safety:						
Fire Protection	-	163,616	-	-	-	163,616
Ambulance Services	-	-	-	-	39,839	39,839
Recreation	40,295	-	-	-	-	40,295
Library	-	-	-	87,272	-	87,272
Total Expenditures	245,760	163,616	43,155	87,272	52,805	592,608
Excess (Deficiency) of Revenues Over Expenditures	42,217	(38,168)	22,963	8,249	(1,190)	34,071
Fund Balance - Beginning of Year	158,423	218,446	57,782	67,610	27,512	529,773
Fund Balance - End of Year	\$ 200,640	\$ 180,278	\$ 80,745	\$ 75,859	\$ 26,322	\$ 563,844

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2004**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 34,071
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, the government-wide statements allocate the cost of those assets over their estimated useful lives	116,944
Depreciation expense is recorded in the government-wide statements but	(54,220)
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES - PER STATEMENT OF ACTIVITIES	\$ 96,795

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2004**

	ASSETS	
Cash and Equivalents		\$ 150
		<hr/>
	LIABILITIES	
Due to Individuals		150
		<hr/>
	NET ASSETS	
Net Assets Held in Trust for Other Governments		\$ -
		<hr/> <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2004**

ADDITIONS

Property taxes, penalties, and interest collected for Helena Township	\$ 474,470
Property taxes, penalties, and interest collected for other units of government	2,377,031
Total Additions	<u>2,851,501</u>

DEDUCTIONS

Property taxes, penalties, and interest paid to Helena Township	474,470
Property taxes, penalties and interest paid to other units of government	2,377,031
Total Deductions	<u>2,851,501</u>

Change in Net Assets	-
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Fiduciary Net Assets - Beginning of Year	-
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Fiduciary Net Assets - End of Year	<u><u>\$ -</u></u>
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See accompanying notes to financial statements.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE A: ENTITY

The Township of Helena is a general law township of the State of Michigan located in Antrim County, Michigan. It operates under an elected board and provides service to its residents in many areas including public safety, community enrichment and human services. The criteria established for the determining the various governmental organizations to be included in reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of Helena Township. The following activities are included in this report:

1. All general activities of Helena Township including building, cemetery, parks and other governmental activities.
2. South Torch Lake Fire District.
3. Helena Township Public Library.
4. Helena Township Downtown Development Authority

DISCRETE COMPONENT UNIT

The Helena Township Downtown Development Authority (DDA) was created in 1988 under Public Act. No. 197 of 1975. The DDA has been determined to be a discrete component unit based on the following factors:

1. The DDA is a legally separate entity
2. The DDA operates under a separate governing board, but board elections are approved by the primary government (Helena Township).
3. Helena Township has the ability to impose its will on the DDA and has the potential for benefit or burden as a result of DDA activities.
4. Excluding the DDA from the financial statements of Helena Township would be misleading to users of its financial statements.

As the DDA had no fiscal activity and has no residual fund equity as of the year ended June 30, 2004, these financial statements contain no DDA balances.

JOINT VENTURE

In August 2001, Helena Township approved a nine-Township Ambulance agreement in order to create the Township Ambulance Authority. Each of the nine Townships, including Helena Township, passed a milage of 0.5000 mills to support the Authority's activities.

The Authority will operate under the direction of a nine member Board of Directors, one from each Township.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE A: ENTITY (CONTINUED)

JOINT VENTURE (CONTINUED)

Upon creation of the Township Ambulance Authority, the Authority purchased all ambulance equipment from Allied EMS, the organization from which the Townships contract ambulance services. The Authority now leases the equipment to Allied EMS and contracts ambulance services from Allied EMS. Allied EMS bills each Township quarterly for its portion of the cost to provide ambulance services. The costs are paid for with the monies collected from each Township's millage.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of Helena Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Helena Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On July 1, 2003, the Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities, such as tax collection activities.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)**

Government-Wide Financial Statements (Continued)

Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The Township does not engage in any business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPES AND MAJOR FUNDS

Governmental Funds

The Township reports the following major governmental funds:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS (CONTINUED)

Fire Fund – This fund is used to account for all financial activity related to the South Torch Lake Fire District. The main source of revenue is derived from property taxes.

Road Fund – This fund is used to account for the financial activity related to the repair and maintenance of Township roads. Revenues are derived primarily from property taxes.

Library Fund – This fund is used to account for the Township Library's activities. Revenues are derived from property tax assessments.

The Township reports its Ambulance and Cemetery Funds as non-major funds.

Other Funds

Fiduciary Fund - This fund is used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments.

Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

PROPERTY TAXES

The 2003 property tax calendar is as follows:

	WINTER LEVY	SUMMER LEVY
Lien Date	December 31, 2002	June 30, 2003
Levy Date	December 1, 2003	July 1, 2003
Due Date	February 15, 2004	September 14, 2003

The real property tax rolls were turned over to the County of Antrim on March 1. Collection of personal property taxes remains the responsibility of the Township. Amounts collected after the due date are assessed interest and/or penalty provisions. A county revolving fund normally pays the balance of the Township's tax levy. The tax rates for the year were as follows:

PURPOSE	RATE/ASSESSED VALUATION
General	.9691 per \$1,000
Fire	1.5000 per \$1,000
Building	.7395 per \$1,000
Cemetery	.1319 per \$1,000
Library	.9513 per \$1,000

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during May and June of each year and a budget hearing is held in June. The board normally adopts the budget just prior to July 1. The budgets as presented in these financial statements have been amended throughout the year. They were adopted using the modified accrual method of accounting. They expire on June 30 of each year. There are no carryover items. The Township experienced over expenditures for the year ended June 30, 2004.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAPITAL ASSETS AND DEPRECIATION

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND
DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

At this time, the Township has no outstanding long-term debt.

NOTE C: CASH AND EQUIVALENTS

COMMON BANK ACCOUNT

The Township combines certain cash balances into a common checking account. Balances at June 30, 2004:

	COMMON CHECKING
General Fund	\$ 126,373
Road Fund	80,745
Ambulance Fund	20
Cemetery Fund	26,302
Total	<u>\$ 297,511</u>

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE C: CASH AND EQUIVALENTS (CONTINUED)

In accordance with GASB Statement 3, cash and cash equivalents are classified into three categories of credit risk as follows:

- Category 1: Insured or collateralized with securities held by the Local Unit or its agent in the Local Unit's name.
- Category 2: Collateralized with securities held by the pledging financial institution's trust department or agent in the Local Unit's name.
- Category 3: Uncollateralized (includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Local Unit's name).

	<u>BANK</u>		<u>CATEGORY</u>		<u>BOOK</u>
	<u>BALANCE</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>BALANCE</u>
Common Account	\$296,833	\$100,000	\$ 196,833	\$ -	\$ 297,511
Library Checking	14,291	-	14,291	-	13,606
Library CDs	62,253	-	62,253	-	62,253
Fire Checking	115,776	-	115,776	-	115,776
Fire CDs	85,473	-	85,473	-	85,473
Fire Fighters CDs	15,796	-	15,796	-	15,796
Totals	<u>\$ 590,422</u>	<u>\$100,000</u>	<u>\$ 490,422</u>	<u>\$ -</u>	<u>\$ 590,415</u>

NOTE D: RECEIVABLES

DUE FROM STATE OF MICHIGAN

The amount of \$10,196 due from the State of Michigan represents the June State Shared Revenue payment received by the Township in July 2004.

DUE FROM FIREFIGHTERS' ASSOCIATION

The South Torch Lake Firefighters' Association is an organization that raises funds each year in order to purchase items for the area firefighters. The Association charges a portion of its expenditures to the fire fund of Helena Township. During the year ended June 30, 2004, the Association charged a total of \$6,852 to the Township's fire fund. However, of this total, \$6,445 was spent on alcoholic beverages, food, and other items deemed to be illegal expenditures of a local unit of government. The South Torch Lake Firefighters' Association is required to fully reimburse the illegal expenditures to the Township's fire fund. Consequently, the balance has been recorded as an accounts receivable in these financial statements.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE E: CAPITAL ASSETS

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>	<u>CAPITAL ASSETS DEPRECIATED</u>		
	<u>Land</u>	<u>Buildings & Components</u>	<u>Machinery & Equipment</u>	<u>TOTALS</u>
Governmental Activities				
Balance, July 1, 2003	\$ 191,920	\$ 405,444	\$ 816,271	\$ 1,413,635
Increases	-	116,944	-	116,944
Decreases	-	-	-	-
Balance, June 30, 2004	<u>\$ 191,920</u>	<u>\$ 522,388</u>	<u>\$ 816,271</u>	<u>\$ 1,530,579</u>
Accumulated Depreciation				
Balance, July 1, 2003	-	89,198	333,154	422,352
Increases	-	8,109	46,111	54,220
Decreases	-	-	-	-
Balance, June 30, 2004	<u>-</u>	<u>97,307</u>	<u>379,265</u>	<u>476,572</u>
Total Capital Assets, Net	<u>\$ 191,920</u>	<u>\$ 425,081</u>	<u>\$ 437,006</u>	<u>\$ 1,054,007</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental Activities	
Township Hall	\$ 16,359
Fire	30,096
Parks	1,753
Library	6,012
Total	<u>\$ 54,220</u>

NOTE F: FUND BALANCE/NET ASSETS

CALCULATION OF BEGINNING NET ASSETS

The Township adopted GASB Statement No. 34 effective July 1, 2003. The following represents the reconciliation of the Townships fund balance as of July 1, 2003, to its beginning net assets balance, as presented in the Statement of Activities, for the year ended June 30, 2004:

Total Fund Balance, July 1, 2003	\$ 529,773
Record capital assets	1,413,635
Record accumulated depreciation	<u>(422,352)</u>
Beginning Net Assets, July 1, 2003	<u>\$1,521,056</u>

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE F: FUND BALANCE/NET ASSETS (CONTINUED)

DESIGNATED FUND BALANCE

The Township Board has designated purposes for which certain general fund monies may be spent. Year-end balances are as follows:

Building	\$ 98,698
Master Plan	3,878
Heart of Coy	<u>29,030</u>
Total Designated Fund Balance	<u><u>\$ 131,606</u></u>

Fund balances designated for specific purposes may not exceed total fund balance.

NOTE G: PENSION PLAN

The Township of Helena contributes to a pension plan which is a defined contribution pension plan administered by the Manufacturers Life Insurance Company. The plan was adopted January 1, 1992.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions.

All full-time employees and elected officials are eligible to participate in the plan. Contributions made by the Township and employees are fully vested. The participant will receive all vested benefits upon termination of employment with the Township.

The plan requires the Township to contribute 6.2% of the eligible employees wages. Additionally, each participant may make voluntary contributions up to 10% of their salary. The Township has met all pension obligations for the year ended June 30, 2004. The Township's contribution for the years totals \$10,257.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**TOWNSHIP OF HELENA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2004**

NOTE H: CONTINGENCIES

INSURANCE COVERAGE

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participants plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

NOTE I: RELATED PARTY TRANSACTIONS

The company employed to construct the fire hall addition, Crawford Builders, LLC, is owned by a Helena Township firefighter. The total amount paid to Crawford Builders, LLC was \$110,634, of which \$43,212 is an accounts payable at June 30, 2004.

TOWNSHIP OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
REVENUES				
State Sources:				
State Shared Revenues	\$ 66,160	\$ 66,160	\$ 62,059	\$ (4,101)
Grants	-	-	3,560	3,560
Local Sources:				
Taxes and Assessments	148,140	148,140	141,732	(6,408)
Donations	1,320	1,320	25,195	23,875
Charges for Services	3,840	3,840	30,555	26,715
Rental Income	27,804	27,804	19,836	(7,968)
Interest	3,564	3,564	3,454	(110)
Miscellaneous	69,464	69,464	1,586	(67,878)
Total Revenues	<u>320,292</u>	<u>320,292</u>	<u>287,977</u>	<u>(32,315)</u>
EXPENDITURES				
GENERAL GOVERNMENT				
Township Board:				
Salaries	3,480	3,600	3,361	239
Payroll Taxes and Fringes	4,000	4,200	4,101	99
Office Supplies	1,500	2,000	1,824	176
Repair and Maintenance	2,375	12,500	11,007	1,493
Professional Fees	36,500	11,913	7,423	4,490
Pension	9,000	9,000	8,979	21
Insurance	300	8,600	8,411	189
Capital Outlay	720	1,720	1,423	297
Advertising	1,500	1,200	1,029	171
Utilities	5,760	5,760	5,614	146
Telephone	1,600	2,000	1,941	59
Transportation and Education	66,004	68,554	5,594	62,960
Total Township Board	<u>132,739</u>	<u>131,047</u>	<u>60,707</u>	<u>70,340</u>
Township Supervisor:				
Salaries	12,552	12,815	12,766	49
Office Expense	876	960	755	205
Total Township Supervisor	<u>13,428</u>	<u>13,775</u>	<u>13,521</u>	<u>254</u>
Election:				
Office Supplies	600	600	335	265
Services	3,900	3,140	1,958	1,182
Total Election	<u>4,500</u>	<u>3,740</u>	<u>2,293</u>	<u>1,447</u>
Township Clerk:				
Salaries	13,788	14,047	14,008	39
Office Supplies	780	630	335	295
Miscellaneous	360	360	320	40
Total Township Clerk	<u>14,928</u>	<u>15,037</u>	<u>14,663</u>	<u>374</u>

**TOWNSHIP OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2004**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Township Treasurer:				
Salaries	19,152	12,862	16,326	(3,464)
Office Expense	480	3,960	2,883	1,077
Total Township Treasurer	19,632	16,822	19,209	(2,387)
Township Assessor:				
Assessor Fees	13,125	14,025	14,025	-
Office Expenses	725	1,250	899	351
Total Township Assessor	13,850	15,275	14,924	351
Building and Grounds:				
Salaries	22,324	25,000	23,946	1,054
Telephone	600	600	230	370
Utilities	12,504	12,504	12,214	290
Repair and Maintenance	4,800	6,000	5,774	226
Miscellaneous	144	144	-	144
Building Supplies	2,280	2,280	2,156	124
Capital Outlay	2,100	2,100	823	1,277
Insurance - Community Center	11,760	11,760	7,747	4,013
Total Building and Grounds	56,512	60,388	52,890	7,498
Planning and Zoning:				
Salaries	14,880	14,994	13,983	1,011
Office Expense, Legal, & Other	13,040	14,790	13,275	1,515
Total Planning and Zoning	27,920	29,784	27,258	2,526
TOTAL GENERAL GOVERNMENT	283,509	285,868	205,465	80,403
RECREATION AND CULTURE				
Parks:				
Wages	20,730	16,100	16,007	93
Utilities	690	1,000	798	202
Repairs, Maintenance, & Supplies	10,300	11,500	11,099	401
Insurance	2,100	2,100	1,261	839
Capital Outlay	20,280	12,880	8,173	4,707
Other	600	3,600	2,957	643
Total Parks	54,700	47,180	40,295	6,885
Total Expenditures	338,209	333,048	245,760	87,288
Excess (Deficiency) of Revenues over Expenditures	(17,917)	(12,756)	42,217	54,973
Fund Balance - Beginning of Year	158,423	158,423	158,423	-
Fund Balance - End of Year	\$ 140,506	\$ 145,667	\$ 200,640	\$ 54,973

TOWNSHIP OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE FUND
YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Taxes and Assessments	\$ 116,001	\$ 116,001	\$ 118,544	\$ 2,543
Interest	1,392	1,392	2,893	1,501
Miscellaneous	4,000	4,000	4,011	11
Total Revenues	121,393	121,393	125,448	4,055
EXPENDITURES				
Firemen - Contractual	-	-	10,605	(10,605)
Office Expenses	5,848	5,848	6,525	(677)
Operating Supplies	4,125	4,125	1,159	2,966
Repairs and Maintenance	2,969	2,969	4,658	(1,689)
Professional Services	3,093	3,093	845	2,248
Vehicle Expense	7,733	7,733	3,693	4,040
Insurance and Bonds	8,102	8,102	8,373	(271)
Education and Training	125	125	742	(617)
Equipment	30,000	30,000	7,264	22,736
Building Addition	350,000	350,000	116,944	233,056
Miscellaneous	13,609	13,609	2,808	10,801
Total Expenditures	425,604	425,604	163,616	261,988
OTHER FINANCING SOURCES				
Loan Proceeds	200,000	200,000	-	(200,000)
Excess (Deficiency) of Revenues over Expenditures	(104,211)	(104,211)	(38,168)	66,043
Fund Balance - Beginning of Year	218,446	218,446	218,446	-
Fund Balance - End of Year	\$ 114,235	\$ 114,235	\$ 180,278	\$ 66,043

TOWNSHIP OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ROAD FUND
YEAR ENDED JUNE 30, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Taxes and Assessments	\$ 60,672	\$ 60,672	\$ 66,118	\$ 5,446
EXPENDITURES				
Road Construction, Repair & Maintenance	60,672	60,672	43,155	17,517
Excess (Deficiency) of Revenues over Expenditures	-	-	22,963	22,963
Fund Balance - Beginning of Year	57,782	57,782	57,782	-
Fund Balance - End of Year	<u>\$ 57,782</u>	<u>\$ 57,782</u>	<u>\$ 80,745</u>	<u>\$ 22,963</u>

TOWNSHIP OF HELENA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED JUNE 30, 2004

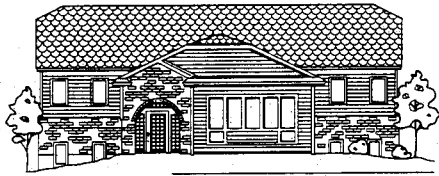
	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
State Sources:				
State Shared Revenues	\$ 800	\$ 800	\$ 1,626	\$ 826
Local Sources:				
Taxes and Assessments	80,900	80,900	76,906	(3,994)
Interest	1,487	1,487	598	(889)
Book Sales and Other	6,000	6,000	6,601	601
Donations	6,980	6,980	9,790	2,810
Total Revenues	96,167	96,167	95,521	(646)
EXPENDITURES				
Salaries and Fringe Benefits	40,304	40,304	34,865	5,439
Office Expense	12,200	12,200	19,327	(7,127)
Technology Upgrades	3,800	3,800	-	3,800
Repairs and Maintenance	1,500	1,500	1,495	5
Professional Fees	1,500	1,500	833	667
Education	1,500	1,500	225	1,275
Insurance	11,400	11,400	11,980	(580)
Equipment	1,000	1,000	5,964	(4,964)
Books	12,000	12,000	12,153	(153)
Other	5,000	5,000	430	4,570
Total Expenditures	90,204	90,204	87,272	2,932
Excess (Deficiency) of Revenues over Expenditures	5,963	5,963	8,249	2,286
Fund Balance - Beginning of Year	67,610	67,610	67,610	-
Fund Balance - End of Year	\$ 73,573	\$ 73,573	\$ 75,859	\$ 2,286

**TOWNSHIP OF HELENA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004**

	<u>AMBULANCE</u>	<u>CEMETERY</u>	<u>TOTAL</u>
ASSETS			
Cash and Equivalents	\$ 20	\$ 26,302	\$ 26,322
	<u>20</u>	<u>26,302</u>	<u>26,322</u>
FUND EQUITY			
Fund Balance Reserved for Ambulance	20	-	20
Fund Balance Reserved for Cemetery	-	26,302	26,302
	<u>20</u>	<u>26,302</u>	<u>26,302</u>
Total Fund Equity	\$ 20	\$ 26,302	\$ 26,322
	<u>20</u>	<u>26,302</u>	<u>26,322</u>

**TOWNSHIP OF HELENA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2004**

	AMBULANCE	CEMETERY	TOTAL
REVENUES			
Taxes and Assessments	\$ 39,852	\$ 11,255	\$ 51,107
Interest	-	308	308
Miscellaneous	-	200	200
Total Revenues	39,852	11,763	51,615
EXPENDITURES			
Wages and Fringe Benefits	-	11,617	11,617
Repairs and Maintenance	-	716	716
Insurance	-	420	420
Capital Outlay	-	138	138
Miscellaneous	-	75	75
Contracted Ambulance Services	39,839	-	39,839
Total Expenditures	39,839	12,966	52,805
Excess (Deficiency) of Revenues over Expenditures	13	(1,203)	(1,190)
Fund Balance - Beginning of Year	7	27,505	27,512
Fund Balance - End of Year	\$ 20	\$ 26,302	\$ 26,322



Keskin, Cook, Miller, Smith & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

September 10, 2004

To the Township Board
Helena Township
Antrim County, MI

We have audited the financial statements for Helena Township for the year ended June 30, 2004. During the course of our audit, we encountered the following issues which require your attention:

1. South Torch Lake Firefighters' Association (STLFA) Expenditures

The STLFA allocates a portion of its expenditures to the Fire Department of Helena Township. When we performed audit procedures on these expenditures, we discovered that the majority were for purchases of alcoholic beverages, food, and other items deemed to be illegal expenditures of a local unit of government. As a result, the total of the illegal expenditures has been reclassified as a receivable from STLFA, as those monies will need to be reimbursed to the Fire Department. Additionally, we noted that there is no formal bookkeeping system or approval process governing STLFA expenditures.

Our recommendation is that management implement proper review and approval procedures in order to prevent such illegal expenditures from being charged to the Township's Fire Fund. We also recommend that management implement a bookkeeping system to properly account for the STLFA expenditures.

2. Firefighter Salaries

Our auditing procedures with respect to the Fire Department's payroll system detected that an overpayment was made to one of the firefighters during the year.

Our recommendation is for Township management to review the payroll calculations for accuracy before distribution.

3. Custody of Assets

The library fund certificates of deposit are accounted for separate from Township functions. However, according to State of Michigan regulations, it is the duty of the Township Treasurer to maintain custody of the cash and investments of all funds.

We recommend that the library bookkeeper continue to account for the certificates of deposit in the same manner; however, the Township Treasurer should hold the actual certificates themselves and maintain a record of interest earnings. The library bookkeeper should agree the balances of the certificates of deposit with the Township Treasurer periodically. The certificates should have the Township Treasurer listed as owner/signature withdrawal authority, and cashing in or purchasing investments should be subject to Township Board approval.

3. Custody of Assets (Continued)

We also discovered a bank account in the name of Helena Township which was not authorized by the Township Board nor held in the custody of the Township Treasurer.

We recommend that the opening and closing of all cash and investment accounts be approved by the Township Board and held in the custody of the Township Treasurer, in accordance with State regulations.

4. Missing Invoices

Certain invoices could not be located for our review during the audit.

We recommend that all invoices are filed properly and only appropriate individuals are given access to invoice files.

5. Township Credit Cards

We noted that the Director of the Township Library has a credit card with a credit limit in excess of the amount approved by the Township Board.

We recommend that the Township Board review the terms of each credit card issued in the Township's name for compliance with the credit card policy.

6. Bank Accounts

We noted that the name of Carol Alsbaugh, the previous Township Supervisor and current Fire Department bookkeeper, is still on the bank statement of the Township's general checking account.

We recommend that her name be removed from all Township accounts except the Fire Department accounts.

We appreciate the opportunity to be of service to Helena Township. If you would like to discuss any of these items further, please call our offices.

K.K. L.K. Miller, Smith, Alexander & P

Keskine, Cook, Miller, Smith & Alexander, LLP